

# Time will tell on deregulation (thefacts.com)

By Michael Morris

When Texas implemented deregulation of the electricity markets in the state seven years ago, it promised that by opening up services to competition, consumers would benefit with lower prices. It's a basic market principle.

Since then, that hasn't exactly been the case. Texans continue to pay some of the highest power rates in the country, and those in greater Houston - including those of us in Brazoria County - trump that by paying some of the highest rates in Texas. Oversight by the Public Utilities Commission has been little more than to rubber-stamp proposed rate increases by the former monopoly, or "legacy" providers the last few years, rates on which their competitors based their counteroffers.

That is supposed to change now. Starting Jan. 1, essentially all price controls were removed from the electricity markets in Texas, opening them to true, unfettered competition. State regulators believe that makes Texas the first state in the nation to eliminate regulated rates, which again should be good news for consumers. It could be, if market forces truly are allowed to work.

We'll see if that actually happens.

Our skeptical side doesn't expect electrical bills to plummet in the coming months, although they initially have retreated. Under the old "price to beat" system that expired with the new year, Reliant Energy set a rate of 16.3 cents per kilowatt hour. Tuesday afternoon, their base rate had fallen to 15.4 cents and competitors were offering rates as low as 11.3 cents.

Most of the best rates required customers to sign contracts of a year or more to lock in the lower prices. Many shorter-term and month-to-month prices come with flexible rates, meaning a company can entice consumers with a low price to start out and then slowly creep it up over a period of a few months. To find the best rates, consumers will have to pay close attention to find the deal that best suits them.

Another factor we expect will come into play goes beyond dollars and cents. One of the main complaints with the legacy providers, including Reliant Energy, is an abysmal track record of customer service. Complaints have been handled inefficiently, if at all, and if there was an error, it too often was made the customer's responsibility to prove the error, not the power company's to justify its charges.

The companies with better customer service could see a boon in business. Happy customers are more likely to ride out fluctuations in rates and be willing to pay a little more if they believe a company respects them and treats them well.

It will take time to sort out how well a deregulated electricity market will function. We are hopeful competition brings what was promised to us when deregulation began - lower electric rates and more responsive customer service.

But it will take a bit of study by consumers to make it happen.

This editorial was written by Michael Morris, assistant managing editor of The Facts.